

# House File 841 - Enrolled

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1 1 HOUSE FILE 841  
1 2  
1 3 AN ACT  
1 4 RELATING TO HEALTH CARE REFORM, INCLUDING PROVISIONS RELATING  
1 5 TO THE MEDICAL ASSISTANCE PROGRAM, PROVIDING APPROPRIATIONS,  
1 6 PROVIDING EFFECTIVE DATES, AND PROVIDING FOR RETROACTIVE  
1 7 APPLICABILITY.  
1 8  
1 9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
1 10  
1 11 DIVISION I  
1 12 IOWACARE  
1 13 Section 1. NEW SECTION. 249J.1 TITLE.  
1 14 This chapter shall be known and may be cited as the  
1 15 "Iowacare Act".  
1 16 Sec. 2. NEW SECTION. 249J.2 FEDERAL FINANCIAL  
1 17 PARTICIPATION == CONTINGENT IMPLEMENTATION.  
1 18 This chapter shall be implemented only to the extent that  
1 19 federal matching funds are available for nonfederal  
1 20 expenditures under this chapter. The department shall not  
1 21 expend funds under this chapter, including but not limited to  
1 22 expenditures for reimbursement of providers and program  
1 23 administration, if appropriated nonfederal funds are not  
1 24 matched by federal financial participation.  
1 25 Sec. 3. NEW SECTION. 249J.3 DEFINITIONS.  
1 26 As used in this chapter, unless the context otherwise  
1 27 requires:  
1 28 1. "Clean claim" means a claim submitted by a provider  
1 29 included in the expansion population provider network that may  
1 30 be adjudicated as paid or denied.  
1 31 2. "Department" means the department of human services.  
1 32 3. "Director" means the director of human services.  
1 33 4. "Expansion population" means the individuals who are  
1 34 eligible solely for benefits under the medical assistance  
1 35 program waiver as provided in this chapter.  
2 1 5. "Full benefit dually eligible Medicare Part D  
2 2 beneficiary" means a person who is eligible for coverage for  
2 3 Medicare Part D drugs and is simultaneously eligible for full  
2 4 medical assistance benefits pursuant to chapter 249A, under  
2 5 any category of eligibility.  
2 6 6. "Full benefit recipient" means an adult who is eligible  
2 7 for full medical assistance benefits pursuant to chapter 249A  
2 8 under any category of eligibility.  
2 9 7. "Iowa Medicaid enterprise" means the centralized  
2 10 medical assistance program infrastructure, based on a business  
2 11 enterprise model, and designed to foster collaboration among  
2 12 all program stakeholders by focusing on quality, integrity,  
2 13 and consistency.  
2 14 8. "Medical assistance" or "Medicaid" means payment of all  
2 15 or part of the costs of care and services provided to an  
2 16 individual pursuant to chapter 249A and Title XIX of the  
2 17 federal Social Security Act.  
2 18 9. "Medicare Part D" means the Medicare Part D program  
2 19 established pursuant to the Medicare Prescription Drug,  
2 20 Improvement, and Modernization Act of 2003, Pub. L. No. 108=  
2 21 173.  
2 22 10. "Minimum data set" means the minimum data set  
2 23 established by the centers for Medicare and Medicaid services  
2 24 of the United States department of health and human services  
2 25 for nursing home resident assessment and care screening.  
2 26 11. "Nursing facility" means a nursing facility as defined  
2 27 in section 135C.1.  
2 28 12. "Public hospital" means a hospital licensed pursuant  
2 29 to chapter 135B and governed pursuant to chapter 145A, 226,  
2 30 347, 347A, or 392.  
2 31 Sec. 4. NEW SECTION. 249J.4 PURPOSE.  
2 32 It is the purpose of this chapter to propose a variety of  
2 33 initiatives to increase the efficiency, quality, and  
2 34 effectiveness of the health care system; to increase access to  
2 35 appropriate health care; to provide incentives to consumers to  
3 1 engage in responsible health care utilization and personal  
3 2 health care management; to reward providers based on quality  
3 3 of care and improved service delivery; and to encourage the  
3 4 utilization of information technology, to the greatest extent  
3 5 possible, to reduce fragmentation and increase coordination of

3 6 care and quality outcomes.

3 7 DIVISION II

3 8 MEDICAID EXPANSION

3 9 Sec. 5. NEW SECTION. 249J.5 EXPANSION POPULATION

3 10 ELIGIBILITY.

3 11 1. Except as otherwise provided in this chapter, an  
3 12 individual nineteen through sixty-four years of age shall be  
3 13 eligible solely for the expansion population benefits  
3 14 described in this chapter when provided through the expansion  
3 15 population provider network as described in this chapter, if  
3 16 the individual meets all of the following conditions:

3 17 a. The individual is not eligible for coverage under the  
3 18 medical assistance program in effect on or after April 1,  
3 19 2005.

3 20 b. The individual has a family income at or below two  
3 21 hundred percent of the federal poverty level as defined by the  
3 22 most recently revised poverty income guidelines published by  
3 23 the United States department of health and human services.

3 24 c. The individual fulfills all other conditions of  
3 25 participation for the expansion population described in this  
3 26 chapter, including requirements relating to personal financial  
3 27 responsibility.

3 28 2. Individuals otherwise eligible solely for family  
3 29 planning benefits authorized under the medical assistance  
3 30 family planning services waiver, effective January 1, 2005, as  
3 31 described in 2004 Iowa Acts, chapter 1175, section 116,  
3 32 subsection 8, may also be eligible for expansion population  
3 33 benefits provided through the expansion population provider  
3 34 network.

3 35 3. Individuals with family incomes below three hundred  
4 1 percent of the federal poverty level as defined by the most  
4 2 recently revised poverty income guidelines published by the  
4 3 United States department of health and human services shall  
4 4 also be eligible for obstetrical and newborn care under the  
4 5 expansion population if deductions for the medical expenses of  
4 6 all family members would reduce the family income to two  
4 7 hundred percent of the federal poverty level or below. Such  
4 8 individuals shall be eligible for the same benefits as those  
4 9 provided to individuals eligible under section 135.152.  
4 10 Eligible individuals may choose to receive the appropriate  
4 11 level of care at any licensed hospital or health care  
4 12 facility, with the exception of individuals in need of such  
4 13 care residing in the counties of Cedar, Clinton, Iowa,  
4 14 Johnson, Keokuk, Louisa, Muscatine, Scott, and Washington, who  
4 15 shall be provided care at the university of Iowa hospitals and  
4 16 clinics.

4 17 4. Enrollment for the expansion population may be limited,  
4 18 closed, or reduced and the scope and duration of expansion  
4 19 population services provided may be limited, reduced, or  
4 20 terminated if the department determines that federal medical  
4 21 assistance program matching funds or appropriated state funds  
4 22 will not be available to pay for existing or additional  
4 23 enrollment.

4 24 5. Eligibility for the expansion population shall not  
4 25 include individuals who have access to group health insurance,  
4 26 unless the reason for not accessing group health insurance is  
4 27 allowed by rule of the department.

4 28 6. Each expansion population member shall provide to the  
4 29 department all insurance information required by the health  
4 30 insurance premium payment program.

4 31 7. The department shall contract with the county general  
4 32 assistance directors to perform intake functions for the  
4 33 expansion population, but only at the discretion of the  
4 34 individual county general assistance director.

4 35 8. If the department provides intake services at the  
5 1 location of a provider included in the expansion population  
5 2 provider network, the department shall consider subcontracting  
5 3 with local nonprofit agencies to promote greater understanding  
5 4 between providers, under the medical assistance program and  
5 5 included in the expansion population provider network, and  
5 6 their recipients and members.

5 7 Sec. 6. NEW SECTION. 249J.6 EXPANSION POPULATION  
5 8 BENEFITS.

5 9 1. Beginning July 1, 2005, the expansion population shall  
5 10 be eligible for all of the following expansion population  
5 11 services:

5 12 a. Inpatient hospital procedures described in the  
5 13 diagnostic related group codes or other applicable inpatient  
5 14 hospital reimbursement methods designated by the department.

5 15 b. Outpatient hospital services described in the  
5 16 ambulatory patient groupings or noninpatient services

5 17 designated by the department.  
5 18 c. Physician and advanced registered nurse practitioner  
5 19 services described in the current procedural terminology codes  
5 20 specified by the department.  
5 21 d. Dental services described in the dental codes specified  
5 22 by the department.  
5 23 e. Limited pharmacy benefits provided by an expansion  
5 24 population provider network hospital pharmacy and solely  
5 25 related to an appropriately billed expansion population  
5 26 service.  
5 27 f. Transportation to and from an expansion population  
5 28 provider network provider only if the provider offers such  
5 29 transportation services or the transportation is provided by a  
5 30 volunteer.

5 31 2. a. Beginning no later than March 1, 2006, within  
5 32 ninety days of enrollment in the expansion population, each  
5 33 expansion population member shall participate, in conjunction  
5 34 with receiving a single comprehensive medical examination and  
5 35 completing a personal health improvement plan, in a health  
6 1 risk assessment coordinated by a health consortium  
6 2 representing providers, consumers, and medical education  
6 3 institutions. An expansion population member who enrolls in  
6 4 the expansion population prior to March 1, 2006, shall  
6 5 participate in the health risk assessment, receive the single  
6 6 comprehensive medical examination, and complete the personal  
6 7 health improvement plan by June 1, 2006. The criteria for the  
6 8 health risk assessment, the comprehensive medical examination  
6 9 and the personal health improvement plan shall be developed  
6 10 and applied in a manner that takes into consideration cultural  
6 11 variations that may exist within the expansion population.

6 12 b. The health risk assessment shall be a web-based  
6 13 electronic system capable of capturing and integrating basic  
6 14 data to provide an individualized personal health improvement  
6 15 plan for each expansion population member. The health risk  
6 16 assessment shall provide a preliminary diagnosis of current  
6 17 and prospective health conditions and recommendations for  
6 18 improving health conditions with an individualized wellness  
6 19 program. The health risk assessment shall be made available  
6 20 to the expansion population member and the provider specified  
6 21 in paragraph "c" who performs the comprehensive medical  
6 22 examination and provides the individualized personal health  
6 23 improvement plan.

6 24 c. The single comprehensive medical examination and  
6 25 personal health improvement plan may be provided by an  
6 26 expansion population provider network physician, advanced  
6 27 registered nurse practitioner, or physician assistant or any  
6 28 other physician, advanced registered nurse practitioner, or  
6 29 physician assistant, available to any full benefit recipient  
6 30 including but not limited to such providers available through  
6 31 a free clinic or rural health clinic under a contract with the  
6 32 department to provide these services, through federally  
6 33 qualified health centers that employ a physician, or through  
6 34 any other nonprofit agency qualified or deemed to be qualified  
6 35 by the department to perform these services.

7 1 3. Beginning no later than July 1, 2006, expansion  
7 2 population members shall be provided all of the following:  
7 3 a. Access to a pharmacy assistance clearinghouse program  
7 4 to match expansion population members with free or discounted  
7 5 prescription drug programs provided by the pharmaceutical  
7 6 industry.

7 7 b. Access to a medical information hotline, accessible  
7 8 twenty-four hours per day, seven days per week, to assist  
7 9 expansion population members in making appropriate choices  
7 10 about the use of emergency room and other health care  
7 11 services.

7 12 4. Membership in the expansion population shall not  
7 13 preclude an expansion population member from eligibility for  
7 14 services not covered under the expansion population for which  
7 15 the expansion population member is otherwise entitled under  
7 16 state or federal law.

7 17 5. Members of the expansion population shall not be  
7 18 considered full benefit dually eligible Medicare Part D  
7 19 beneficiaries for the purposes of calculating the state's  
7 20 payment under Medicare Part D, until such time as the  
7 21 expansion population is eligible for all of the same benefits  
7 22 as full benefit recipients under the medical assistance  
7 23 program.

7 24 Sec. 7. NEW SECTION. 249J.7 EXPANSION POPULATION  
7 25 PROVIDER NETWORK.

7 26 1. Expansion population members shall only be eligible to  
7 27 receive expansion population services through a provider

7 28 included in the expansion population provider network. Except  
7 29 as otherwise provided in this chapter, the expansion  
7 30 population provider network shall be limited to a publicly  
7 31 owned acute care teaching hospital located in a county with a  
7 32 population over three hundred fifty thousand, the university  
7 33 of Iowa hospitals and clinics, and the state hospitals for  
7 34 persons with mental illness designated pursuant to section  
7 35 226.1 with the exception of the programs at such state  
8 1 hospitals for persons with mental illness that provide  
8 2 substance abuse treatment, serve geropsychiatric patients, or  
8 3 treat sexually violent predators.

8 4 2. Expansion population services provided to expansion  
8 5 population members by providers included in the expansion  
8 6 population provider network shall be payable at the full  
8 7 benefit recipient rates.

8 8 3. Providers included in the expansion population provider  
8 9 network shall submit clean claims within twenty days of the  
8 10 date of provision of an expansion population service to an  
8 11 expansion population member.

8 12 4. Unless otherwise prohibited by law, a provider under  
8 13 the expansion population provider network may deny care to an  
8 14 individual who refuses to apply for coverage under the  
8 15 expansion population.

8 16 5. Notwithstanding the provision of section 347.16,  
8 17 subsection 2, requiring the provision of free care and  
8 18 treatment to the persons described in that subsection, the  
8 19 publicly owned acute care teaching hospital described in  
8 20 subsection 1 may require any sick or injured person seeking  
8 21 care or treatment at that hospital to be subject to financial  
8 22 participation, including but not limited to copayments or  
8 23 premiums, and may deny nonemergent care or treatment to any  
8 24 person who refuses to be subject to such financial  
8 25 participation.

8 26 Sec. 8. NEW SECTION. 249J.8 EXPANSION POPULATION MEMBERS  
8 27 == FINANCIAL PARTICIPATION.

8 28 1. Beginning July 1, 2005, each expansion population  
8 29 member whose family income equals or exceeds one hundred  
8 30 percent of the federal poverty level as defined by the most  
8 31 recently revised poverty income guidelines published by the  
8 32 United States department of health and human services shall  
8 33 pay a monthly premium not to exceed one-twelfth of five  
8 34 percent of the member's annual family income, and each  
8 35 expansion population member whose family income is less than  
9 1 one hundred percent of the federal poverty level as defined by  
9 2 the most recently revised poverty income guidelines published  
9 3 by the United States department of health and human services  
9 4 shall pay a monthly premium not to exceed one-twelfth of two  
9 5 percent of the member's annual family income. All premiums  
9 6 shall be paid on the last day of the month of coverage. The  
9 7 department shall deduct the amount of any monthly premiums  
9 8 paid by an expansion population member for benefits under the  
9 9 healthy and well kids in Iowa program when computing the  
9 10 amount of monthly premiums owed under this subsection. An  
9 11 expansion population member shall pay the monthly premium  
9 12 during the entire period of the member's enrollment. However,  
9 13 regardless of the length of enrollment, the member is subject  
9 14 to payment of the premium for a minimum of four consecutive  
9 15 months. Timely payment of premiums, including any arrearages  
9 16 accrued from prior enrollment, is a condition of receiving any  
9 17 expansion population services. Premiums collected under this  
9 18 subsection shall be deposited in the premiums subaccount of  
9 19 the account for health care transformation created pursuant to  
9 20 section 249J.22. An expansion population member shall also  
9 21 pay the same copayments required of other adult recipients of  
9 22 medical assistance.

9 23 2. The department may reduce the required out-of-pocket  
9 24 expenditures for an individual expansion population member  
9 25 based upon the member's increased wellness activities such as  
9 26 smoking cessation or compliance with the personal health  
9 27 improvement plan completed by the member. The department  
9 28 shall also waive the required out-of-pocket expenditures for  
9 29 an individual expansion population member based upon a  
9 30 hardship that would accrue from imposing such required  
9 31 expenditures.

9 32 3. The department shall submit to the governor and the  
9 33 general assembly by March 15, 2006, a design for each of the  
9 34 following:

9 35 a. An insurance cost subsidy program for expansion  
10 1 population members who have access to employer health  
10 2 insurance plans, provided that the design shall require that  
10 3 no less than fifty percent of the cost of such insurance shall

10 4 be paid by the employer.  
10 5 b. A health care account program option for individuals  
10 6 eligible for enrollment in the expansion population. The  
10 7 health care account program option shall be available only to  
10 8 adults who have been enrolled in the expansion population for  
10 9 at least twelve consecutive calendar months. Under the health  
10 10 care account program option, the individual would agree to  
10 11 exchange one year's receipt of benefits under the expansion  
10 12 population, to which the individual would otherwise be  
10 13 entitled, for a credit to obtain any medical assistance  
10 14 program covered service up to a specified amount. The balance  
10 15 in the health care account at the end of the year, if any,  
10 16 would be available for withdrawal by the individual.

10 17 4. The department shall track the impact of the out-of=  
10 18 pocket expenditures on patient enrollment and shall report the  
10 19 findings on at least a quarterly basis to the medical  
10 20 assistance projections and assessment council established  
10 21 pursuant to section 249J.19. The findings shall include  
10 22 estimates of the number of expansion population members  
10 23 complying with payment of required out-of=pocket expenditures,  
10 24 the number of expansion population members not complying with  
10 25 payment of required out-of=pocket expenditures and the reasons  
10 26 for noncompliance, any impact as a result of the out-of=pocket  
10 27 requirements on the provision of services to the populations  
10 28 previously served, the administrative time and cost associated  
10 29 with administering the out-of=pocket requirements, and the  
10 30 benefit to the state resulting from the out-of=pocket  
10 31 expenditures. To the extent possible, the department shall  
10 32 track the income level of the member, the health condition of  
10 33 the member, and the family status of the member relative to  
10 34 the out-of=pocket information.

10 35 Sec. 9. NEW SECTION. 249J.9 FUTURE EXPANSION POPULATION,  
11 1 BENEFITS, AND PROVIDER NETWORK GROWTH.

11 2 1. POPULATION. The department shall contract with the  
11 3 division of insurance of the department of commerce or another  
11 4 appropriate entity to track, on an annual basis, the number of  
11 5 uninsured and underinsured Iowans, the cost of private market  
11 6 insurance coverage, and other barriers to access to private  
11 7 insurance for Iowans. Based on these findings and available  
11 8 funds, the department shall make recommendations, annually, to  
11 9 the governor and the general assembly regarding further  
11 10 expansion of the expansion population.

11 11 2. BENEFITS.

11 12 a. The department shall not provide services to expansion  
11 13 population members that are in addition to the services  
11 14 originally designated by the department pursuant to section  
11 15 249J.6, without express authorization provided by the general  
11 16 assembly.

11 17 b. The department, upon the recommendation of the  
11 18 clinicians advisory panel established pursuant to section  
11 19 249J.17, may change the scope and duration of any of the  
11 20 available expansion population services, but this subsection  
11 21 shall not be construed to authorize the department to make  
11 22 expenditures in excess of the amount appropriated for benefits  
11 23 for the expansion population.

11 24 3. EXPANSION POPULATION PROVIDER NETWORK.

11 25 a. The department shall not expand the expansion  
11 26 population provider network unless the department is able to  
11 27 pay for expansion population services provided by such  
11 28 providers at the full benefit recipient rates.

11 29 b. The department may limit access to the expansion  
11 30 population provider network by the expansion population to the  
11 31 extent the department deems necessary to meet the financial  
11 32 obligations to each provider under the expansion population  
11 33 provider network. This subsection shall not be construed to  
11 34 authorize the department to make any expenditure in excess of  
11 35 the amount appropriated for benefits for the expansion  
12 1 population.

12 2 Sec. 10. NEW SECTION. 249J.10 MAXIMIZATION OF FUNDING  
12 3 FOR INDIGENT PATIENTS.

12 4 1. Unencumbered certified local matching funds may be used  
12 5 to cover the state share of the cost of services for the  
12 6 expansion population.

12 7 2. The department of human services shall include in its  
12 8 annual budget submission, recommendations relating to a  
12 9 disproportionate share hospital and graduate medical education  
12 10 allocation plan that maximizes the availability of federal  
12 11 funds for payments to hospitals for the care and treatment of  
12 12 indigent patients.

12 13 3. If state and federal law and regulations so provide and  
12 14 if federal disproportionate share hospital funds and graduate

12 15 medical education funds are available under Title XIX of the  
12 16 federal Social Security Act, federal disproportionate share  
12 17 hospital funds and graduate medical education funds shall be  
12 18 distributed as specified by the department.

12 19 DIVISION III

12 20 REBALANCING LONG-TERM CARE

12 21 Sec. 11. NEW SECTION. 249J.11 NURSING FACILITY LEVEL OF  
12 22 CARE DETERMINATION FOR FACILITY=BASED AND COMMUNITY=BASED  
12 23 SERVICES.

12 24 The department shall amend the medical assistance state  
12 25 plan to provide for all of the following:

12 26 1. That nursing facility level of care services under the  
12 27 medical assistance program shall be available to an individual  
12 28 admitted to a nursing facility on or after July 1, 2005, who  
12 29 meets eligibility criteria for the medical assistance program  
12 30 pursuant to section 249A.3, if the individual also meets any  
12 31 of the following criteria:

12 32 a. Based upon the minimum data set, the individual  
12 33 requires limited assistance, extensive assistance, or has  
12 34 total dependence on assistance, provided by the physical  
12 35 assistance of one or more persons, with three or more  
13 1 activities of daily living as defined by the minimum data set,  
13 2 section G, entitled "physical functioning and structural  
13 3 problems".

13 4 b. Based on the minimum data set, the individual requires  
13 5 the establishment of a safe, secure environment due to  
13 6 moderate or severe impairment of cognitive skills for daily  
13 7 decision making.

13 8 c. The individual has established a dependency requiring  
13 9 residency in a medical institution for more than one year.

13 10 2. That an individual admitted to a nursing facility prior  
13 11 to July 1, 2005, and an individual applying for home and  
13 12 community-based services waiver services at the nursing  
13 13 facility level of care on or after July 1, 2005, who meets the  
13 14 eligibility criteria for the medical assistance program  
13 15 pursuant to section 249A.3, shall also meet any of the  
13 16 following criteria:

13 17 a. Based on the minimum data set, the individual requires  
13 18 supervision, or limited assistance, provided on a daily basis  
13 19 by the physical assistance of at least one person, for  
13 20 dressing and personal hygiene activities of daily living as  
13 21 defined by the minimum data set, section G, entitled "physical  
13 22 functioning and structural problems".

13 23 b. Based on the minimum data set, the individual requires  
13 24 the establishment of a safe, secure environment due to  
13 25 modified independence or moderate impairment of cognitive  
13 26 skills for daily decision making.

13 27 3. That, beginning July 1, 2005, if nursing facility level  
13 28 of care is determined to be medically necessary for an  
13 29 individual and the individual meets the nursing facility level  
13 30 of care requirements for home and community-based services  
13 31 waiver services under subsection 2, but appropriate home and  
13 32 community-based services are not available to the individual  
13 33 in the individual's community at the time of the determination  
13 34 or the provision of available home and community-based  
13 35 services to meet the skilled care requirements of the  
14 1 individual is not cost-effective, the criteria for admission  
14 2 of the individual to a nursing facility for nursing facility  
14 3 level of care services shall be the criteria in effect on June  
14 4 30, 2005. The department of human services shall establish  
14 5 the standard for determining cost-effectiveness of home and  
14 6 community-based services under this subsection.

14 7 4. The department shall develop a process to allow  
14 8 individuals identified under subsection 3 to be served under  
14 9 the home and community-based services waiver at such time as  
14 10 appropriate home and community-based services become available  
14 11 in the individual's community.

14 12 Sec. 12. NEW SECTION. 249J.12 SERVICES FOR PERSONS WITH  
14 13 MENTAL RETARDATION OR DEVELOPMENTAL DISABILITIES.

14 14 1. The department, in cooperation with the Iowa state  
14 15 association of counties, the Iowa association of community  
14 16 providers, the governor's developmental disabilities council,  
14 17 and other interested parties, shall develop a plan for a case=  
14 18 mix adjusted reimbursement system under the medical assistance  
14 19 program for both institution-based and community-based  
14 20 services for persons with mental retardation or developmental  
14 21 disabilities for submission to the general assembly by January  
14 22 1, 2007. The department shall not implement the case=mix  
14 23 adjusted reimbursement system plan without express  
14 24 authorization by the general assembly.

14 25 2. The department, in consultation with the Iowa state

14 26 association of counties, the Iowa association of community  
14 27 providers, the governor's developmental disabilities council,  
14 28 and other interested parties, shall develop a plan for  
14 29 submission to the governor and the general assembly no later  
14 30 than July 1, 2007, to enhance alternatives for community-based  
14 31 care for individuals who would otherwise require care in an  
14 32 intermediate care facility for persons with mental  
14 33 retardation. The plan shall not be implemented without  
14 34 express authorization by the general assembly.

14 35 Sec. 13. NEW SECTION. 249J.13 CHILDREN'S MENTAL HEALTH  
15 1 WAIVER SERVICES.

15 2 The department shall provide medical assistance waiver  
15 3 services to not more than three hundred children who meet the  
15 4 eligibility criteria for the medical assistance program  
15 5 pursuant to section 249A.3, and also meet the criteria  
15 6 specified in section 234.7, subsection 2, if enacted in the  
15 7 2005 legislative session.

15 8 Sec. 14. CASE MANAGEMENT FOR THE FRAIL ELDERLY.

15 9 1. The department of human services shall submit an  
15 10 amendment to the home and community-based services waiver for  
15 11 the elderly to the centers for Medicare and Medicaid services  
15 12 of the United States department of health and human services  
15 13 to provide for inclusion of case management as a medical  
15 14 assistance covered service. The department of human services  
15 15 shall develop the amendment in collaboration with the  
15 16 department of elder affairs.

15 17 2. If the request for an amendment to the waiver is  
15 18 approved, the department of elder affairs shall use existing  
15 19 funding for case management as nonfederal matching funds. The  
15 20 department of elder affairs, in collaboration with the  
15 21 department of human services, shall determine the amount of  
15 22 existing funding that would be eligible for use as nonfederal  
15 23 matching funds so that sufficient funding is retained to also  
15 24 provide case management services for frail elders who are not  
15 25 eligible for the medical assistance program.

15 26 3. The department of human services, in collaboration with  
15 27 the department of elder affairs, shall establish a  
15 28 reimbursement rate for case management for the frail elderly  
15 29 such that the amount of state funding necessary to pay for  
15 30 such case management does not exceed the amount appropriated  
15 31 to the department of elder affairs for case management for the  
15 32 frail elderly in the fiscal year beginning July 1, 2005. Any  
15 33 state savings realized from including case management under  
15 34 the home and community-based services waiver for the elderly  
15 35 shall be used for services for the frail elderly and for  
16 1 substitute decision-making services to eligible individuals  
16 2 pursuant to chapter 231E, if enacted by the Eighty-first  
16 3 General Assembly.

16 4 4. The department of human services, in collaboration with  
16 5 the department of elder affairs, shall determine whether case  
16 6 management for the frail elderly should continue to be  
16 7 provided through a sole source contract or if a request for  
16 8 proposals process should be initiated to provide the services.  
16 9 The departments shall submit their recommendations to the  
16 10 general assembly by January 1, 2006.

16 11 DIVISION IV

16 12 HEALTH PROMOTION PARTNERSHIPS

16 13 Sec. 15. NEW SECTION. 249J.14 HEALTH PROMOTION  
16 14 PARTNERSHIPS.

16 15 1. SERVICES FOR ADULTS AT STATE MENTAL HEALTH INSTITUTES.  
16 16 Beginning July 1, 2005, inpatient and outpatient hospital  
16 17 services at the state hospitals for persons with mental  
16 18 illness designated pursuant to section 226.1 shall be covered  
16 19 services under the medical assistance program.

16 20 2. DIETARY COUNSELING. By July 1, 2006, the department  
16 21 shall design and begin implementation of a strategy to provide  
16 22 dietary counseling and support to child and adult recipients  
16 23 of medical assistance and to expansion population members to  
16 24 assist these recipients and members in avoiding excessive  
16 25 weight gain or loss and to assist in development of personal  
16 26 weight loss programs for recipients and members determined by  
16 27 the recipient's or member's health care provider to be  
16 28 clinically overweight.

16 29 3. ELECTRONIC MEDICAL RECORDS. By October 1, 2006, the  
16 30 department shall develop a practical strategy for expanding  
16 31 utilization of electronic medical recordkeeping by providers  
16 32 under the medical assistance program and the expansion  
16 33 population provider network. The plan shall focus, initially,  
16 34 on medical assistance program recipients and expansion  
16 35 population members whose quality of care would be  
17 1 significantly enhanced by the availability of electronic

17 2 medical recordkeeping.

17 3 4. PROVIDER INCENTIVE PAYMENT PROGRAMS. By January 1,  
17 4 2007, the department shall design and implement a provider  
17 5 incentive payment program for providers under the medical  
17 6 assistance program and providers included in the expansion  
17 7 population provider network based upon evaluation of public  
17 8 and private sector models.

17 9 5. HEALTH ASSESSMENT FOR MEDICAL ASSISTANCE RECIPIENTS  
17 10 WITH MENTAL RETARDATION OR DEVELOPMENTAL DISABILITIES. The  
17 11 department shall work with the university of Iowa colleges of  
17 12 medicine, dentistry, nursing, pharmacy, and public health, and  
17 13 the university of Iowa hospitals and clinics to determine  
17 14 whether the physical and dental health of recipients of  
17 15 medical assistance who are persons with mental retardation or  
17 16 developmental disabilities are being regularly and fully  
17 17 addressed and to identify barriers to such care. The  
17 18 department shall report the department's findings to the  
17 19 governor and the general assembly by January 1, 2007.

17 20 6. SMOKING CESSATION. The department, in collaboration  
17 21 with Iowa department of public health programs relating to  
17 22 tobacco use prevention and cessation, shall implement a  
17 23 program with the goal of reducing smoking among recipients of  
17 24 medical assistance who are children to less than one percent  
17 25 and among recipients of medical assistance and expansion  
17 26 population members who are adults to less than ten percent, by  
17 27 July 1, 2007.

17 28 7. DENTAL HOME FOR CHILDREN. By July 1, 2008, every  
17 29 recipient of medical assistance who is a child twelve years of  
17 30 age or younger shall have a designated dental home and shall  
17 31 be provided with the dental screenings and preventive care  
17 32 identified in the oral health standards under the early and  
17 33 periodic screening, diagnostic, and treatment program.

17 34 8. REPORTS. The department shall report on a quarterly  
17 35 basis to the medical assistance projections and assessment  
18 1 council established pursuant to section 249J.19 and the  
18 2 council created pursuant to section 249A.4, subsection 8,  
18 3 regarding the health promotion partnerships described in this  
18 4 section. To the greatest extent feasible, and if applicable  
18 5 to a data set, the data reported shall include demographic  
18 6 information concerning the population served including but not  
18 7 limited to factors, such as race and economic status, as  
18 8 specified by the department.

18 9 Sec. 16. NEW SECTION. 249J.14A TASK FORCE ON INDIGENT  
18 10 CARE.

18 11 1. The department shall convene a task force on indigent  
18 12 care to identify any growth in uncompensated care due to the  
18 13 implementation of this chapter and to identify any local funds  
18 14 that are being used to pay for uncompensated care that could  
18 15 be maximized through a match with federal funds.

18 16 2. Any public, governmental or nongovernmental, private,  
18 17 for-profit, or not-for-profit health services provider or  
18 18 payor, whether or not enrolled in the medical assistance  
18 19 program, and any organization of such providers or payors, may  
18 20 become a member of the task force. Membership on the task  
18 21 force shall require that an entity agree to provide accurate,  
18 22 written information and data relating to each of the following  
18 23 items for the fiscal year of the entity ending on or before  
18 24 June 30, 2005, and for each fiscal year thereafter during  
18 25 which the entity is a member:

18 26 a. The definition of indigent care used by the member for  
18 27 purposes of reporting the data described in this subsection.

18 28 b. The actual cost of indigent care as determined under  
18 29 Medicare principles of accounting or any accounting standard  
18 30 used by the member to report the member's financial status to  
18 31 its governing body, owner, members, creditors, or the public.

18 32 c. The usual and customary charge that would otherwise be  
18 33 applied by the member to the indigent care provided.

18 34 d. The number of individuals and the age, sex, and county  
18 35 of residence of the individuals receiving indigent care  
19 1 reported by the member and a description of the care provided.

19 2 e. To the extent practical, the health status of the  
19 3 individuals receiving the indigent care reported by the  
19 4 member.

19 5 f. The funding source of payment for the indigent care  
19 6 including revenue from property tax or other tax revenue,  
19 7 local funding, and other sources.

19 8 g. The extent to which any part of the cost of indigent  
19 9 care reported by the member was paid for by the individual on  
19 10 a sliding fee scale or other basis, by an insurer, or by  
19 11 another third-party payor.

19 12 h. The means by which the member covered any of the costs



19 13 of indigent care not covered by those sources described in  
19 14 paragraph "g".

19 15 3. The department shall convene the task force for a  
19 16 minimum of eight meetings during the fiscal year beginning  
19 17 July 1, 2005, and during each fiscal year thereafter. For the  
19 18 fiscal year beginning July 1, 2005, the department shall  
19 19 convene at least six of the required meetings prior to March  
19 20 1, 2006. The meetings shall be held in geographically  
19 21 balanced venues throughout the state that are representative  
19 22 of distinct rural, urban, and suburban areas.

19 23 4. The department shall provide the medical assistance  
19 24 projections and assessment council created pursuant to section  
19 25 249J.19 with all of the following, at intervals established by  
19 26 the council:

19 27 a. A list of the members of the task force.

19 28 b. A copy of each member's written submissions of data and  
19 29 information to the task force.

19 30 c. A copy of the data submitted by each member.

19 31 d. Any observations or recommendations of the task force  
19 32 regarding the data.

19 33 e. Any observations and recommendations of the department  
19 34 regarding the data.

19 35 5. The task force shall transmit an initial, preliminary  
20 1 report of its efforts and findings to the governor and the  
20 2 general assembly by March 1, 2006. The task force shall  
20 3 submit an annual report to the governor and the general  
20 4 assembly by December 31 of each year.

20 5 6. The department shall, to the extent practical, assist  
20 6 task force members in assembling and reporting the data  
20 7 required of members, by programming the department's systems  
20 8 to accept, but not pay, claims reported on standard medical  
20 9 assistance claims forms for the indigent care provided by the  
20 10 members.

20 11 7. All meetings of the task force shall comply with  
20 12 chapter 21.

20 13 8. Information and data provided by a member to the task  
20 14 force shall be protected to the extent required under the  
20 15 federal Health Insurance Portability and Accountability Act of  
20 16 1996.

20 17 9. The department shall inform the members of the task  
20 18 force that costs associated with the work of the task force  
20 19 and with the required activities of members may not be  
20 20 eligible for federal matching funds.

20 21 DIVISION V

20 22 IOWA MEDICAID ENTERPRISE

20 23 Sec. 17. NEW SECTION. 249J.15 COST AND QUALITY  
20 24 PERFORMANCE EVALUATION.

20 25 Beginning July 1, 2005, the department shall contract with  
20 26 an independent consulting firm to do all of the following:

20 27 1. Annually evaluate and compare the cost and quality of  
20 28 care provided by the medical assistance program and through  
20 29 the expansion population with the cost and quality of care  
20 30 available through private insurance and managed care  
20 31 organizations doing business in the state.

20 32 2. Annually evaluate the improvements by the medical  
20 33 assistance program and the expansion population in the cost  
20 34 and quality of services provided to Iowans over the cost and  
20 35 quality of care provided in the prior year.

21 1 Sec. 18. NEW SECTION. 249J.16 OPERATIONS == PERFORMANCE  
21 2 EVALUATION.

21 3 Beginning July 1, 2006, the department shall submit a  
21 4 report of the results of an evaluation of the performance of  
21 5 each component of the Iowa Medicaid enterprise using the  
21 6 performance standards contained in the contracts with the Iowa  
21 7 Medicaid enterprise partners.

21 8 Sec. 19. NEW SECTION. 249J.17 CLINICIANS ADVISORY PANEL  
21 9 == CLINICAL MANAGEMENT.

21 10 1. Beginning July 1, 2005, the medical director of the  
21 11 Iowa Medicaid enterprise, with the approval of the  
21 12 administrator of the division of medical services of the  
21 13 department, shall assemble and act as chairperson for a  
21 14 clinicians advisory panel to recommend to the department  
21 15 clinically appropriate health care utilization management and  
21 16 coverage decisions for the medical assistance program and the  
21 17 expansion population which are not otherwise addressed by the  
21 18 Iowa medical assistance drug utilization review commission  
21 19 created pursuant to section 249A.24 or the medical assistance  
21 20 pharmaceutical and therapeutics committee established pursuant  
21 21 to section 249A.20A. The meetings shall be conducted in  
21 22 accordance with chapter 21 and shall be open to the public  
21 23 except to the extent necessary to prevent the disclosure of

21 24 confidential medical information.  
21 25 2. The medical director of the Iowa Medicaid enterprise  
21 26 shall report on a quarterly basis to the medical assistance  
21 27 projections and assessment council established pursuant to  
21 28 section 249J.19 and the council created pursuant to section  
21 29 249A.4, subsection 8, any recommendations made by the panel  
21 30 and adopted by rule of the department pursuant to chapter 17A  
21 31 regarding clinically appropriate health care utilization  
21 32 management and coverage under the medical assistance program  
21 33 and the expansion population.

21 34 3. The medical director of the Iowa Medicaid enterprise  
21 35 shall prepare an annual report summarizing the recommendations  
22 1 made by the panel and adopted by rule of the department  
22 2 regarding clinically appropriate health care utilization  
22 3 management and coverage under the medical assistance program  
22 4 and the expansion population.

22 5 Sec. 20. NEW SECTION. 249J.18 HEALTH CARE SERVICES  
22 6 PRICING AND REIMBURSEMENT OF PROVIDERS.

22 7 The department shall annually collect data on third-party  
22 8 payor rates in the state and, as appropriate, the usual and  
22 9 customary charges of health care providers, including the  
22 10 reimbursement rates paid to providers and by third-party  
22 11 payors participating in the medical assistance program and  
22 12 through the expansion population. The department shall  
22 13 consult with the division of insurance of the department of  
22 14 commerce in adopting administrative rules specifying the  
22 15 reporting format and guaranteeing the confidentiality of the  
22 16 information provided by the providers and third-party payors.  
22 17 The department shall review the data and make recommendations  
22 18 to the governor and the general assembly regarding pricing  
22 19 changes and reimbursement rates annually by January 1. Any  
22 20 recommended pricing changes or changes in reimbursement rates  
22 21 shall not be implemented without express authorization by the  
22 22 general assembly.

22 23 DIVISION VI  
22 24 GOVERNANCE

22 25 Sec. 21. NEW SECTION. 249J.19 MEDICAL ASSISTANCE  
22 26 PROJECTIONS AND ASSESSMENT COUNCIL.

22 27 1. A medical assistance projections and assessment council  
22 28 is created consisting of the following members:

22 29 a. The co-chairpersons and ranking members of the  
22 30 legislative joint appropriations subcommittee on health and  
22 31 human services, or a member of the appropriations subcommittee  
22 32 designated by the co-chairperson or ranking member.

22 33 b. The chairpersons and ranking members of the human  
22 34 resources committees of the senate and the house of  
22 35 representatives, or a member of the committee designated by  
23 1 the chairperson or ranking member.

23 2 c. The chairpersons and ranking members of the  
23 3 appropriations committees of the senate and the house of  
23 4 representatives, or a member of the committee designated by  
23 5 the chairperson or ranking member.

23 6 2. The council shall meet as often as deemed necessary,  
23 7 but shall meet at least quarterly. The council may use  
23 8 sources of information deemed appropriate, and the department  
23 9 and other agencies of state government shall provide  
23 10 information to the council as requested. The legislative  
23 11 services agency shall provide staff support to the council.

23 12 3. The council shall select a chairperson, annually, from  
23 13 its membership. A majority of the members of the council  
23 14 shall constitute a quorum.

23 15 4. The council shall do all of the following:

23 16 a. Make quarterly cost projections for the medical  
23 17 assistance program and the expansion population.

23 18 b. Review quarterly reports on all initiatives under this  
23 19 chapter, including those provisions in the design,  
23 20 development, and implementation phases, and make additional  
23 21 recommendations for medical assistance program and expansion  
23 22 population reform on an annual basis.

23 23 c. Review annual audited financial statements relating to  
23 24 the expansion population submitted by the providers included  
23 25 in the expansion population provider network.

23 26 d. Review quarterly reports on the success of the Iowa  
23 27 Medicaid enterprise based upon the contractual performance  
23 28 measures for each Iowa Medicaid enterprise partner.

23 29 e. Assure that the expansion population is managed at all  
23 30 times within funding limitations. In assuring such  
23 31 compliance, the council shall assume that supplemental funding  
23 32 will not be available for coverage of services provided to the  
23 33 expansion population.

23 34 5. The department of human services, the department of

23 35 management, and the legislative services agency shall utilize  
24 1 a joint process to arrive at an annual consensus projection  
24 2 for medical assistance program and expansion population  
24 3 expenditures for submission to the council. By December 15 of  
24 4 each fiscal year, the council shall agree to a projection of  
24 5 expenditures for the fiscal year beginning the following July  
24 6 1, based upon the consensus projection submitted.

#### 24 7 DIVISION VII

#### 24 8 ENHANCING THE FEDERAL=STATE FINANCIAL PARTNERSHIP

24 9 Sec. 22. NEW SECTION. 249J.20 PAYMENTS TO HEALTH CARE  
24 10 PROVIDERS BASED ON ACTUAL COSTS.

24 11 Payments, including graduate medical education payments,  
24 12 under the medical assistance program and the expansion  
24 13 population to each public hospital and each public nursing  
24 14 facility shall not exceed the actual medical assistance costs  
24 15 of each such facility reported on the Medicare hospital and  
24 16 hospital health care complex cost report submitted to the  
24 17 centers for Medicare and Medicaid services of the United  
24 18 States department of health and human services. Each public  
24 19 hospital and each public nursing facility shall retain one  
24 20 hundred percent of the medical assistance payments earned  
24 21 under state reimbursement rules. State reimbursement rules  
24 22 may provide for reimbursement at less than actual cost.

24 23 Sec. 23. NEW SECTION. 249J.21 INDEPENDENT ANNUAL AUDIT.

24 24 The department shall contract with a certified public  
24 25 accountant to provide an analysis, on an annual basis, to the  
24 26 governor and the general assembly regarding compliance of the  
24 27 Iowa medical assistance program with each of the following:

24 28 1. That the state has not instituted any new provider  
24 29 taxes as defined by the centers for Medicare and Medicaid  
24 30 services of the United States department of health and human  
24 31 services.

24 32 2. That public hospitals and public nursing facilities are  
24 33 not paid more than the actual costs of care for medical  
24 34 assistance program and disproportionate share hospital program  
24 35 recipients based upon Medicare program principles of

25 1 accounting and cost reporting.  
25 2 3. That the state is not recycling federal funds provided  
25 3 under Title XIX of the Social Security Act as defined by the  
25 4 centers for Medicare and Medicaid services of the United  
25 5 States department of health and human services.

25 6 Sec. 24. NEW SECTION. 249J.22 ACCOUNT FOR HEALTH CARE  
25 7 TRANSFORMATION.

25 8 1. An account for health care transformation is created in  
25 9 the state treasury under the authority of the department.  
25 10 Moneys received through the physician payment adjustment as  
25 11 described in 2003 Iowa Acts, chapter 112, section 11,  
25 12 subsection 1, and through the adjustment to hospital payments  
25 13 to provide an increased base rate to offset the high costs  
25 14 incurred for providing services to medical assistance patients  
25 15 as described in 2004 Iowa Acts, chapter 1175, section 86,  
25 16 subsection 2, paragraph "b", shall be deposited in the  
25 17 account. The account shall include a separate premiums  
25 18 subaccount. Revenue generated through payment of premiums by  
25 19 expansion population members as required pursuant to section  
25 20 249J.8 shall be deposited in the separate premiums subaccount  
25 21 within the account.

25 22 2. Moneys in the account shall be separate from the  
25 23 general fund of the state and shall not be considered part of  
25 24 the general fund of the state. The moneys deposited in the  
25 25 account are not subject to section 8.33 and shall not be  
25 26 transferred, used, obligated, appropriated, or otherwise  
25 27 encumbered, except to provide for the purposes specified in  
25 28 this section. Notwithstanding section 12C.7, subsection 2,  
25 29 interest or earnings on moneys deposited in the account shall  
25 30 be credited to the account.

25 31 3. Moneys deposited in the account for health care  
25 32 transformation shall be used only as provided in  
25 33 appropriations from the account for the costs associated with  
25 34 certain services provided to the expansion population pursuant  
25 35 to section 249J.6, certain initiatives to be designed pursuant  
26 1 to section 249J.8, the case-mix adjusted reimbursement system  
26 2 for persons with mental retardation or developmental  
26 3 disabilities pursuant to section 249J.12, certain health  
26 4 promotion partnership activities pursuant to section 249J.14,  
26 5 the cost and quality performance evaluation pursuant to  
26 6 section 249J.15, auditing requirements pursuant to section  
26 7 249J.21, the provision of additional indigent patient care and  
26 8 treatment, and administrative costs associated with this  
26 9 chapter.

26 10 Sec. 25. NEW SECTION. 249J.23 IOWACARE ACCOUNT.

26 11 1. An Iowacare account is created in the state treasury  
26 12 under the authority of the department of human services.  
26 13 Moneys appropriated from the general fund of the state to the  
26 14 account, moneys received as federal financial participation  
26 15 funds under the expansion population provisions of this  
26 16 chapter and credited to the account, moneys received for  
26 17 disproportionate share hospitals and credited to the account,  
26 18 moneys received for graduate medical education and credited to  
26 19 the account, proceeds transferred from the county treasurer as  
26 20 specified in subsection 6, and moneys from any other source  
26 21 credited to the account shall be deposited in the account.  
26 22 Moneys deposited in or credited to the account shall be used  
26 23 only as provided in appropriations or distributions from the  
26 24 account for the purposes specified in the appropriation or  
26 25 distribution. Moneys in the account shall be appropriated to  
26 26 the university of Iowa hospitals and clinics, to a publicly  
26 27 owned acute care teaching hospital located in a county with a  
26 28 population over three hundred fifty thousand, and to the state  
26 29 hospitals for persons with mental illness designated pursuant  
26 30 to section 226.1 for the purposes provided in the federal law  
26 31 making the funds available or as specified in the state  
26 32 appropriation and shall be distributed as determined by the  
26 33 department.

26 34 2. The account shall be separate from the general fund of  
26 35 the state and shall not be considered part of the general fund  
27 1 of the state. The moneys in the account shall not be  
27 2 considered revenue of the state, but rather shall be funds of  
27 3 the account. The moneys in the account are not subject to  
27 4 section 8.33 and shall not be transferred, used, obligated,  
27 5 appropriated, or otherwise encumbered, except to provide for  
27 6 the purposes of this chapter. Notwithstanding section 12C.7,  
27 7 subsection 2, interest or earnings on moneys deposited in the  
27 8 account shall be credited to the account.

27 9 3. The department shall adopt rules pursuant to chapter  
27 10 17A to administer the account.

27 11 4. The treasurer of state shall provide a quarterly report  
27 12 of activities and balances of the account to the director.

27 13 5. Notwithstanding section 262.28 or any provision of this  
27 14 chapter to the contrary, payments to be made to participating  
27 15 public hospitals under this section shall be made on a  
27 16 prospective basis in twelve equal monthly installments based  
27 17 upon the amount appropriated or allocated, as applicable to a  
27 18 specific public hospital, in a specific fiscal year. After  
27 19 the close of the fiscal year, the department shall determine  
27 20 the amount of the payments attributable to the state general  
27 21 fund, federal financial participation funds collected for  
27 22 expansion population services, graduate medical education  
27 23 funds, and disproportionate share hospital funds, based on  
27 24 claims data and actual expenditures.

27 25 6. Notwithstanding any provision to the contrary, from  
27 26 each semiannual collection of taxes levied under section 347.7  
27 27 for which the collection is performed after July 1, 2005, the  
27 28 county treasurer of a county with a population over three  
27 29 hundred fifty thousand in which a publicly owned acute care  
27 30 teaching hospital is located shall transfer the proceeds  
27 31 collected pursuant to section 347.7 in a total amount of  
27 32 thirty-four million dollars annually, which would otherwise be  
27 33 distributed to the county hospital, to the treasurer of state  
27 34 for deposit in the Iowacare account under this section. The  
27 35 board of trustees of the acute care teaching hospital  
28 1 identified in this subsection and the department shall execute  
28 2 an agreement under chapter 28E by July 1, 2005, and annually  
28 3 by July 1, thereafter, to specify the requirements relative to  
28 4 transfer of the proceeds and the distribution of moneys to the  
28 5 hospital from the Iowacare account. The agreement shall  
28 6 include provisions relating to exceptions to the deadline for  
28 7 submission of clean claims as required pursuant to section  
28 8 249J.7 and provisions relating to data reporting requirements  
28 9 regarding the expansion population. The agreement may also  
28 10 include a provision allowing such hospital to limit access to  
28 11 such hospital by expansion population members based on  
28 12 residency of the member, if such provision reflects the policy  
28 13 of such hospital regarding indigent patients existing on April  
28 14 1, 2005, as adopted by its board of hospital trustees pursuant  
28 15 to section 347.14, subsection 4. Notwithstanding the  
28 16 specified amount of proceeds to be transferred under this  
28 17 subsection, if the amount allocated that does not require  
28 18 federal matching funds under an appropriation in a subsequent  
28 19 fiscal year to such hospital for medical and surgical  
28 20 treatment of indigent patients, for provision of services to  
28 21 expansion population members, and for medical education, is

28 22 reduced from the amount allocated that does not require  
28 23 federal matching funds under the appropriation for the fiscal  
28 24 year beginning July 1, 2005, the amount of proceeds required  
28 25 to be transferred under this subsection in that subsequent  
28 26 fiscal year shall be reduced in the same amount as the amount  
28 27 allocated that does not require federal matching funds under  
28 28 that appropriation.

28 29 7. The state board of regents, on behalf of the university  
28 30 of Iowa hospitals and clinics, and the department shall  
28 31 execute an agreement under chapter 28E by July 1, 2005, and  
28 32 annually by July 1, thereafter, to specify the requirements  
28 33 relating to distribution of moneys to the hospital from the  
28 34 Iowacare account. The agreement shall include provisions  
28 35 relating to exceptions to the deadline for submission of clean  
29 1 claims as required pursuant to section 249J.7 and provisions  
29 2 relating to data reporting requirements regarding the  
29 3 expansion population.

29 4 8. The state and any county utilizing the acute care  
29 5 teaching hospital located in a county with a population over  
29 6 three hundred fifty thousand for mental health services prior  
29 7 to July 1, 2005, shall annually enter into an agreement with  
29 8 such hospital to pay a per diem amount that is not less than  
29 9 the per diem amount paid for those mental health services in  
29 10 effect for the fiscal year beginning July 1, 2004, for each  
29 11 individual including each expansion population member  
29 12 accessing mental health services at that hospital on or after  
29 13 July 1, 2005. Any payment made under such agreement for an  
29 14 expansion population member pursuant to this chapter, shall be  
29 15 considered by the department to be payment by a third=party  
29 16 payor.

#### 29 17 DIVISION VIII 29 18 LIMITATIONS

29 19 Sec. 26. NEW SECTION. 249J.24 LIMITATIONS.

29 20 1. The provisions of this chapter shall not be construed,  
29 21 are not intended as, and shall not imply a grant of  
29 22 entitlement for services to individuals who are eligible for  
29 23 assistance under this chapter or for utilization of services  
29 24 that do not exist or are not otherwise available on the  
29 25 effective date of this Act. Any state obligation to provide  
29 26 services pursuant to this chapter is limited to the extent of  
29 27 the funds appropriated or distributed for the purposes of this  
29 28 chapter.

29 29 2. The provisions of this chapter shall not be construed  
29 30 and are not intended to affect the provision of services to  
29 31 recipients of medical assistance existing on the effective  
29 32 date of this Act.

29 33 Sec. 27. NEW SECTION. 249J.25 AUDIT == FUTURE REPEAL.

29 34 1. The state auditor shall complete an audit of the  
29 35 provisions implemented pursuant to this chapter during the  
30 1 fiscal year beginning July 1, 2009, and shall submit the  
30 2 results of the audit to the governor and the general assembly  
30 3 by January 1, 2010.

30 4 2. This chapter is repealed June 30, 2010.

30 5 Sec. 28. IMPLEMENTATION COSTS. Payment of any one=time  
30 6 costs specifically associated with the implementation of  
30 7 chapter 249J, as enacted in this Act, shall be made in the  
30 8 manner specified by, and at the discretion of, the department.

#### 30 9 DIVISION IX

#### 30 10 CORRESPONDING PROVISIONS

30 11 Sec. 29. Section 97B.52A, subsection 1, paragraph c, Code  
30 12 2005, is amended to read as follows:

30 13 c. For a member whose first month of entitlement is July  
30 14 2000 or later, the member does not return to any employment  
30 15 with a covered employer until the member has qualified for at  
30 16 least one calendar month of retirement benefits, and the  
30 17 member does not return to covered employment until the member  
30 18 has qualified for no fewer than four calendar months of  
30 19 retirement benefits. For purposes of this paragraph,  
30 20 effective July 1, 2000, any employment with a covered employer  
30 21 does not include employment as an elective official or member  
30 22 of the general assembly if the member is not covered under  
30 23 this chapter for that employment. For purposes of determining  
30 24 a bona fide retirement under this paragraph and for a member  
30 25 whose first month of entitlement is July 2004 or later, but  
30 26 before July 2006, covered employment does not include  
30 27 employment as a licensed health care professional by a public  
30 28 hospital as defined in section ~~249I.3~~ 249J.3, with the  
30 29 exception of public hospitals governed pursuant to chapter  
30 30 226.

30 31 Sec. 30. Section 218.78, subsection 1, Code 2005, is  
30 32 amended to read as follows:

30 33 1. All institutional receipts of the department of human  
30 34 services, including funds received from client participation  
30 35 at the state resource centers under section 222.78 and at the  
31 1 state mental health institutes under section 230.20, shall be  
31 2 deposited in the general fund except for reimbursements for  
31 3 services provided to another institution or state agency, for  
31 4 receipts deposited in the revolving fund under section  
31 5 904.706, for deposits into the medical assistance fund under  
31 6 section 249A.11, for any deposits into the medical assistance  
31 7 fund of any medical assistance payments received through the

31 8 expansion population program pursuant to chapter 249J, and  
31 9 rentals charged to employees or others for room, apartment, or  
31 10 house and meals, which shall be available to the institutions.

31 11 Sec. 31. Section 230.20, subsection 2, paragraph a, Code  
31 12 2005, is amended to read as follows:

31 13 a. The superintendent shall certify to the department the  
31 14 billings to each county for services provided to patients  
31 15 chargeable to the county during the preceding calendar  
31 16 quarter. The county billings shall be based on the average  
31 17 daily patient charge and other service charges computed  
31 18 pursuant to subsection 1, and the number of inpatient days and  
31 19 other service units chargeable to the county. However, a  
31 20 county billing shall be decreased by an amount equal to  
31 21 reimbursement by a third party payor or estimation of such  
31 22 reimbursement from a claim submitted by the superintendent to  
31 23 the third party payor for the preceding calendar quarter.  
31 24 When the actual third party payor reimbursement is greater or  
31 25 less than estimated, the difference shall be reflected in the  
31 26 county billing in the calendar quarter the actual third party  
31 27 payor reimbursement is determined. For the purposes of this  
31 28 paragraph, "third-party payor reimbursement" does not include  
31 29 reimbursement provided under chapter 249J.

31 30 Sec. 32. Section 230.20, subsections 5 and 6, Code 2005,  
31 31 are amended to read as follows:

31 32 5. An individual statement shall be prepared for a patient  
31 33 on or before the fifteenth day of the month following the  
31 34 month in which the patient leaves the mental health institute,  
31 35 and a general statement shall be prepared at least quarterly  
32 1 for each county to which charges are made under this section.  
32 2 Except as otherwise required by sections 125.33 and 125.34 the  
32 3 general statement shall list the name of each patient  
32 4 chargeable to that county who was served by the mental health  
32 5 institute during the preceding month or calendar quarter, the  
32 6 amount due on account of each patient, and the specific dates  
32 7 for which any third party payor reimbursement received by the  
32 8 state is applied to the statement and billing, and the county  
32 9 shall be billed for eighty percent of the stated charge for  
32 10 each patient specified in this subsection. For the purposes  
32 11 of this subsection, "third-party payor reimbursement" does not  
32 12 include reimbursement provided under chapter 249J. The  
32 13 statement prepared for each county shall be certified by the  
32 14 department and a duplicate statement shall be mailed to the  
32 15 auditor of that county.

32 16 6. All or any reasonable portion of the charges incurred  
32 17 for services provided to a patient, to the most recent date  
32 18 for which the charges have been computed, may be paid at any  
32 19 time by the patient or by any other person on the patient's  
32 20 behalf. Any payment so made by the patient or other person,  
32 21 and any federal financial assistance received pursuant to  
32 22 Title XVIII or XIX of the federal Social Security Act for  
32 23 services rendered to a patient, shall be credited against the  
32 24 patient's account and, if the charges so paid as described in  
32 25 this subsection have previously been billed to a county,  
32 26 reflected in the mental health institute's next general  
32 27 statement to that county. However, any payment made under  
32 28 chapter 249J shall not be reflected in the mental health  
32 29 institute's next general statement to that county.

32 30 Sec. 33. Section 249A.11, Code 2005, is amended to read as  
32 31 follows:

32 32 249A.11 PAYMENT FOR PATIENT CARE SEGREGATED.

32 33 A state resource center or mental health institute, upon  
32 34 receipt of any payment made under this chapter for the care of  
32 35 any patient, shall segregate an amount equal to that portion  
33 1 of the payment which is required by law to be made from  
33 2 nonfederal funds except for any nonfederal funds received  
33 3 through the expansion population program pursuant to chapter  
33 4 249J which shall be deposited in the Iowacare account created  
33 5 pursuant to section 249J.23. The money segregated shall be  
33 6 deposited in the medical assistance fund of the department of  
33 7 human services.

33 8 Sec. 34. Section 249H.4, Code 2005, is amended by adding

33 9 the following new subsection:

33 10 NEW SUBSECTION. 7. The director shall amend the medical  
33 11 assistance state plan to eliminate the mechanism to secure  
33 12 funds based on skilled nursing facility prospective payment  
33 13 methodologies under the medical assistance program and to  
33 14 terminate agreements entered into with public nursing  
33 15 facilities under this chapter, effective June 30, 2005.

33 16 Sec. 35. 2004 Iowa Acts, chapter 1175, section 86,  
33 17 subsection 2, paragraph b, unnumbered paragraph 2, and  
33 18 subparagraphs (1), (2), and (3), are amended to read as  
33 19 follows:

33 20 ~~Of the amount appropriated in this lettered paragraph,~~  
33 21 ~~\$25,950,166 shall be considered encumbered and shall not be~~  
33 22 ~~expended for any purpose until January 1, 2005.~~

33 23 (1) ~~However, if~~ If the department of human services  
33 24 adjusts hospital payments to provide an increased base rate to  
33 25 offset the high cost incurred for providing services to  
33 26 medical assistance patients ~~on or prior to January~~ July 1,  
33 27 2005, a portion of the amount specified in this unnumbered  
33 28 paragraph equal to the increased Medicaid payment shall ~~revert~~  
33 29 ~~to the general fund of the state. Notwithstanding section~~  
33 30 ~~8.54, subsection 7, the amount required to revert under this~~  
33 31 ~~subparagraph shall not be considered to be appropriated for~~  
33 32 ~~purposes of the state general fund expenditure limitation for~~  
33 33 ~~the fiscal year beginning July 1, 2004.~~

33 34 (2) ~~If the adjustment described in subparagraph (1) to~~  
33 35 ~~increase the base rate is not made prior to January 1, 2005,~~  
34 1 ~~the amount specified in this unnumbered paragraph shall no~~  
34 2 ~~longer be considered encumbered, may be expended, and shall be~~  
34 3 ~~available for the purposes originally specified~~ be transferred  
34 4 by the university of Iowa hospitals and clinics to the medical  
34 5 assistance fund of the department of human services. Of the  
34 6 amount transferred, an amount equal to the federal share of  
34 7 the payments shall be transferred to the account for health  
34 8 care transformation created in section 249J.22.

34 9 (3) (2) Any incremental increase in the base rate made  
34 10 pursuant to subparagraph (1) shall not be used in determining  
34 11 the university of Iowa hospital and clinics disproportionate  
34 12 share rate or when determining the statewide average base rate  
34 13 for purposes of calculating indirect medical education rates.

34 14 Sec. 36. 2003 Iowa Acts, chapter 112, section 11,  
34 15 subsection 1, is amended to read as follows:

34 16 1. For the fiscal ~~year~~ years beginning July 1, 2003, ~~and~~  
34 17 ~~ending June 30, 2004, and beginning July 1, 2004, and for each~~  
34 18 ~~fiscal year thereafter ending June 30, 2005,~~ the department of  
34 19 human services shall institute a supplemental payment  
34 20 adjustment applicable to physician services provided to  
34 21 medical assistance recipients at publicly owned acute care  
34 22 teaching hospitals. The adjustment shall generate  
34 23 supplemental payments to physicians which are equal to the  
34 24 difference between the physician's charge and the physician's  
34 25 fee schedule under the medical assistance program. To the  
34 26 extent of the supplemental payments, a qualifying hospital  
34 27 shall, after receipt of the payments, transfer to the  
34 28 department of human services an amount equal to the actual  
34 29 supplemental payments that were made in that month. The  
34 30 department of human services shall deposit these payments in  
34 31 the department's medical assistance account. The department  
34 32 of human services shall amend the medical assistance state  
34 33 plan as necessary to implement this section. The department  
34 34 may adopt emergency rules to implement this section. The  
34 35 department of human services shall amend the medical  
35 1 assistance state plan to eliminate this provision effective  
35 2 June 30, 2005.

35 3 Sec. 37. TRANSITION FROM INSTITUTIONAL SETTINGS TO HOME  
35 4 AND COMMUNITY-BASED SERVICES. The department, in consultation  
35 5 with provider and consumer organizations, shall explore  
35 6 additional opportunities under the medical assistance program  
35 7 to assist individuals in transitioning from institutional  
35 8 settings to home and community-based services. The department  
35 9 shall report any opportunities identified to the governor and  
35 10 the general assembly by December 31, 2005.

35 11 Sec. 38. CORRESPONDING DIRECTIVES TO DEPARTMENT. The  
35 12 department shall do all of the following:

35 13 1. Withdraw the request for the waiver and the medical  
35 14 assistance state plan amendment submitted to the centers for  
35 15 Medicare and Medicaid services of the United States department  
35 16 of health and human services regarding the nursing facility  
35 17 quality assurance assessment as directed pursuant to 2003 Iowa  
35 18 Acts, chapter 112, section 4, 2003 Iowa Acts, chapter 179,  
35 19 section 162, and 2004 Iowa Acts, chapter 1085, sections 8, 10,

35 20 and 11.

35 21 2. Amend the medical assistance state plan to eliminate  
35 22 the mechanism to secure funds based on hospital inpatient and  
35 23 outpatient prospective payment methodologies under the medical  
35 24 assistance program, effective June 30, 2005.

35 25 3. Amend the medical assistance state plan to eliminate  
35 26 the mechanisms to receive supplemental disproportionate share  
35 27 hospital and graduate medical education funds as originally  
35 28 submitted, effective June 30, 2005.

35 29 4. Amend the medical assistance state plan amendment to  
35 30 adjust hospital payments to provide an increased base rate to  
35 31 offset the high cost incurred for providing services to  
35 32 medical assistance patients at the university of Iowa  
35 33 hospitals and clinics as originally submitted based upon the  
35 34 specifications of 2004 Iowa Acts, chapter 1175, section 86,  
35 35 subsection 2, paragraph "b", unnumbered paragraph 2, and  
36 1 subparagraphs (1), (2), and (3), to be approved for the fiscal  
36 2 year beginning July 1, 2004, and ending June 30, 2005, only,  
36 3 and to be eliminated June 30, 2005.

36 4 5. Amend the medical assistance state plan amendment to  
36 5 establish a physician payment adjustment from the university  
36 6 of Iowa hospitals and clinics, as originally submitted as  
36 7 described in 2003 Iowa Acts, chapter 112, section 11,  
36 8 subsection 1, to be approved for the state fiscal years  
36 9 beginning July 1, 2003, and ending June 30, 2004, and  
36 10 beginning July 1, 2004, and ending June 30, 2005, and to be  
36 11 eliminated effective June 30, 2005.

36 12 6. Amend the medical assistance state plan to eliminate  
36 13 the mechanism to secure funds based on skilled nursing  
36 14 facility prospective payment methodologies under the medical  
36 15 assistance program, effective June 30, 2005.

36 16 7. Request a waiver from the centers for Medicare and  
36 17 Medicaid services of the United States department of health  
36 18 and human services of the provisions relating to the early and  
36 19 periodic screening, diagnostic, and treatment program  
36 20 requirements as described in section 1905(a)(5) of the federal  
36 21 Social Security Act relative to the expansion population.

36 22 Sec. 39. Chapter 249I, Code 2005, is repealed.

36 23 Sec. 40. Sections 249A.20B and 249A.34, Code 2005, are  
36 24 repealed.

36 25 Sec. 41. 2003 Iowa Acts, chapter 112, section 4, 2003 Iowa  
36 26 Acts, chapter 179, section 162, and 2004 Iowa Acts, chapter  
36 27 1085, section 8, and section 10, subsection 5, are repealed.

36 28 DIVISION X

36 29 PHARMACY COPAYMENTS

36 30 Sec. 42. COPAYMENTS FOR PRESCRIPTION DRUGS UNDER THE  
36 31 MEDICAL ASSISTANCE PROGRAM. The department of human services  
36 32 shall require recipients of medical assistance to pay the  
36 33 following copayments on each prescription filled for a covered  
36 34 prescription drug, including each refill of such prescription,  
36 35 as follows:

37 1 1. A copayment of \$1 for each covered nonpreferred generic  
37 2 prescription drug.

37 3 2. A copayment of \$1 for each covered preferred brand=  
37 4 name or generic prescription drug.

37 5 3. A copayment of \$1 for each covered nonpreferred brand=  
37 6 name prescription drug for which the cost to the state is up  
37 7 to and including \$25.

37 8 4. A copayment of \$2 for each covered nonpreferred brand=  
37 9 name prescription drug for which the cost to the state is more  
37 10 than \$25 and up to and including \$50.

37 11 5. A copayment of \$3 for each covered nonpreferred brand=  
37 12 name prescription drug for which the cost to the state is more  
37 13 than \$50.

37 14 DIVISION XI

37 15 MEDICAL AND SURGICAL TREATMENT OF INDIGENT PERSONS

37 16 AND OBSTETRICAL AND NEWBORN INDIGENT PATIENT CARE

37 17 Sec. 43. NEW SECTION. 135.152 STATEWIDE OBSTETRICAL AND  
37 18 NEWBORN INDIGENT PATIENT CARE PROGRAM.

37 19 1. The department shall establish a statewide obstetrical  
37 20 and newborn indigent patient care program to provide  
37 21 obstetrical and newborn care to medically indigent residents  
37 22 of this state at the appropriate and necessary level, at a  
37 23 licensed hospital or health care facility closest and most  
37 24 available to the residence of the indigent individual.

37 25 2. The department shall administer the program, and  
37 26 appropriations by the general assembly for the program shall  
37 27 be allocated to the obstetrical and newborn patient care fund  
37 28 within the department to be utilized for the obstetrical and  
37 29 newborn indigent patient care program.

37 30 3. The department shall adopt administrative rules



37 31 pursuant to chapter 17A to administer the program.  
37 32 4. The department shall establish a patient quota formula  
37 33 for determining the maximum number of obstetrical and newborn  
37 34 patients eligible for the program, annually, from each county.  
37 35 The formula used shall be based upon the annual appropriation  
38 1 for the program, the average number of live births in each  
38 2 county for the most recent three-year period, and the per  
38 3 capita income for each county for the most recent year. The  
38 4 formula shall also provide for reassignment of an unused  
38 5 county quota allotment on April 1 of each year.  
38 6 5. a. The department, in collaboration with the  
38 7 department of human services and the Iowa state association of  
38 8 counties, shall adopt rules pursuant to chapter 17A to  
38 9 establish minimum standards for eligibility for obstetrical  
38 10 and newborn care, including physician examinations, medical  
38 11 testing, ambulance services, and inpatient transportation  
38 12 services under the program. The minimum standards shall  
38 13 provide that the individual is not otherwise eligible for  
38 14 assistance under the medical assistance program or for  
38 15 assistance under the medically needy program without a spend=down  
38 16 requirement pursuant to chapter 249A, or for expansion  
38 17 population benefits pursuant to chapter 249J. If the  
38 18 individual is eligible for assistance pursuant to chapter 249A  
38 19 or 249J, or if the individual is eligible for maternal and  
38 20 child health care services covered by a maternal and child  
38 21 health program, the obstetrical and newborn indigent patient  
38 22 care program shall not provide the assistance, care, or  
38 23 covered services provided under the other program.  
38 24 b. The minimum standards for eligibility shall provide  
38 25 eligibility for persons with family incomes at or below one  
38 26 hundred eighty-five percent of the federal poverty level as  
38 27 defined by the most recently revised poverty income guidelines  
38 28 published by the United States department of health and human  
38 29 services, and shall provide, but shall not be limited to  
38 30 providing, eligibility for uninsured and underinsured persons  
38 31 financially unable to pay for necessary obstetrical and  
38 32 newborn care. The minimum standards may include a spend=down  
38 33 provision. The resource standards shall be set at or above  
38 34 the resource standards under the federal supplemental security  
38 35 income program. The resource exclusions allowed under the  
39 1 federal supplemental security income program shall be allowed  
39 2 and shall include resources necessary for self-employment.  
39 3 c. The department in cooperation with the department of  
39 4 human services, shall develop a standardized application form  
39 5 for the program and shall coordinate the determination of  
39 6 eligibility for the medical assistance and medically needy  
39 7 programs under chapter 249A, the medical assistance expansion  
39 8 under chapter 249J, and the obstetrical and newborn indigent  
39 9 patient care program.  
39 10 6. The department shall establish application procedures  
39 11 and procedures for certification of an individual for  
39 12 obstetrical and newborn care under this section.  
39 13 7. An individual certified for obstetrical and newborn  
39 14 care under this division may choose to receive the appropriate  
39 15 level of care at any licensed hospital or health care  
39 16 facility.  
39 17 8. The obstetrical and newborn care costs of an individual  
39 18 certified for such care under this division at a licensed  
39 19 hospital or health care facility or from licensed physicians  
39 20 shall be paid by the department from the obstetrical and  
39 21 newborn patient care fund.  
39 22 9. All providers of services to obstetrical and newborn  
39 23 patients under this division shall agree to accept as full  
39 24 payment the reimbursements allowable under the medical  
39 25 assistance program established pursuant to chapter 249A,  
39 26 adjusted for intensity of care.  
39 27 10. The department shall establish procedures for payment  
39 28 for providers of services to obstetrical and newborn patients  
39 29 under this division from the obstetrical and newborn patient  
39 30 care fund. All billings from such providers shall be  
39 31 submitted directly to the department. However, payment shall  
39 32 not be made unless the requirements for application and  
39 33 certification for care pursuant to this division and rules  
39 34 adopted by the department are met.  
39 35 11. Moneys encumbered prior to June 30 of a fiscal year  
40 1 for a certified eligible pregnant woman scheduled to deliver  
40 2 in the next fiscal year shall not revert from the obstetrical  
40 3 and newborn patient care fund to the general fund of the  
40 4 state. Moneys allocated to the obstetrical and newborn  
40 5 patient care fund shall not be transferred nor voluntarily  
40 6 reverted from the fund within a given fiscal year.

40 7 Sec. 44. Section 135B.31, Code 2005, is amended to read as  
40 8 follows:

40 9 135B.31 EXCEPTIONS.

40 10 ~~Nothing in this~~ This division is ~~not intended or should and~~  
40 11 ~~shall not~~ affect in any way ~~that the~~ obligation of public  
40 12 hospitals under chapter 347 or municipal hospitals, ~~as well as~~  
40 13 ~~the state hospital at Iowa City, to provide medical or~~  
40 14 ~~obstetrical and newborn care for indigent persons under~~  
40 15 ~~chapter 255 or 255A, wherein medical care or treatment is~~  
40 16 ~~provided by hospitals of that category to patients of certain~~  
40 17 ~~entitlement, nor to the operation by the state of mental or~~  
40 18 ~~other hospitals authorized by law.~~ ~~Nothing herein~~ This  
40 19 ~~division~~ shall ~~not~~ in any way affect or limit the practice of  
40 20 dentistry or the practice of oral surgery by a dentist.

40 21 Sec. 45. Section 144.13A, subsection 3, Code 2005, is  
40 22 amended to read as follows:

40 23 3. If the person responsible for the filing of the  
40 24 certificate of birth under section 144.13 is not the parent,  
40 25 the person is entitled to collect the fee from the parent.  
40 26 The fee shall be remitted to the state registrar. If the  
40 27 expenses of the birth are reimbursed under the medical  
40 28 assistance program established by chapter 249A, ~~or paid for~~  
40 29 ~~under the statewide indigent patient care program established~~  
40 30 ~~by chapter 255, or paid for under the obstetrical and newborn~~  
40 31 ~~indigent patient care program established by chapter 255A, or~~  
40 32 if the parent is indigent and unable to pay the expenses of  
40 33 the birth and no other means of payment is available to the  
40 34 parent, the registration fee and certified copy fee are  
40 35 waived. If the person responsible for the filing of the  
41 1 certificate is not the parent, the person is discharged from  
41 2 the duty to collect and remit the fee under this section if  
41 3 the person has made a good faith effort to collect the fee  
41 4 from the parent.

41 5 Sec. 46. Section 249A.4, subsection 12, Code 2005, is  
41 6 amended by striking the subsection.

41 7 UNIVERSITY OF IOWA HOSPITALS AND CLINICS

41 8 Sec. 47. NEW SECTION. 263.18 TREATMENT OF PATIENTS ==  
41 9 USE OF EARNINGS FOR NEW FACILITIES.

41 10 1. The university of Iowa hospitals and clinics  
41 11 authorities may at their discretion receive patients into the  
41 12 hospital for medical, obstetrical, or surgical treatment or  
41 13 hospital care. The university of Iowa hospitals and clinics  
41 14 ambulances and ambulance personnel may be used for the  
41 15 transportation of such patients at a reasonable charge if  
41 16 specialized equipment is required.

41 17 2. The university of Iowa hospitals and clinics  
41 18 authorities shall collect from the person or persons liable  
41 19 for support of such patients reasonable charges for hospital  
41 20 care and service and deposit payment of the charges with the  
41 21 treasurer of the university for the use and benefit of the  
41 22 university of Iowa hospitals and clinics.

41 23 3. Earnings of the university of Iowa hospitals and  
41 24 clinics shall be administered so as to increase, to the  
41 25 greatest extent possible, the services available for patients,  
41 26 including acquisition, construction, reconstruction,  
41 27 completion, equipment, improvement, repair, and remodeling of  
41 28 medical buildings and facilities, additions to medical  
41 29 buildings and facilities, and the payment of principal and  
41 30 interest on bonds issued to finance the cost of medical  
41 31 buildings and facilities as authorized by the provisions of  
41 32 chapter 263A.

41 33 4. The physicians and surgeons on the staff of the  
41 34 university of Iowa hospitals and clinics who care for patients  
41 35 provided for in this section may charge for the medical  
42 1 services provided under such rules, regulations, and plans  
42 2 approved by the state board of regents. However, a physician  
42 3 or surgeon who provides treatment or care for an expansion  
42 4 population member pursuant to chapter 249J shall not charge or  
42 5 receive any compensation for the treatment or care except the  
42 6 salary or compensation fixed by the state board of regents to  
42 7 be paid from the hospital fund.

42 8 Sec. 48. NEW SECTION. 263.19 PURCHASES.

42 9 Any purchase in excess of ten thousand dollars, of  
42 10 materials, appliances, instruments, or supplies by the  
42 11 university of Iowa hospitals and clinics, when the price of  
42 12 the materials, appliances, instruments, or supplies to be  
42 13 purchased is subject to competition, shall be made pursuant to  
42 14 open competitive quotations, and all contracts for such  
42 15 purchases shall be subject to chapter 72. However, purchases  
42 16 may be made through a hospital group purchasing organization  
42 17 provided that the university of Iowa hospitals and clinics is

42 18 a member of the organization.

42 19 Sec. 49. NEW SECTION. 263.20 COLLECTING AND SETTLING  
42 20 CLAIMS FOR CARE.

42 21 Whenever a patient or person legally liable for the  
42 22 patient's care at the university of Iowa hospitals and clinics  
42 23 has insurance, an estate, a right of action against others, or  
42 24 other assets, the university of Iowa hospitals and clinics,  
42 25 through the facilities of the office of the attorney general,  
42 26 may file claims, institute or defend suit in court, and use  
42 27 other legal means available to collect accounts incurred for  
42 28 the care of the patient, and may compromise, settle, or  
42 29 release such actions under the rules and procedures prescribed  
42 30 by the president of the university and the office of the  
42 31 attorney general. If a county has paid any part of such  
42 32 patient's care, a pro rata amount collected, after deduction  
42 33 for cost of collection, shall be remitted to the county and  
42 34 the balance shall be credited to the hospital fund.

42 35 Sec. 50. NEW SECTION. 263.21 TRANSFER OF PATIENTS FROM  
43 1 STATE INSTITUTIONS.

43 2 The director of the department of human services, in  
43 3 respect to institutions under the director's control, the  
43 4 administrator of any of the divisions of the department, in  
43 5 respect to the institutions under the administrator's control,  
43 6 the director of the department of corrections, in respect to  
43 7 the institutions under the department's control, and the state  
43 8 board of regents, in respect to the Iowa braille and sight  
43 9 saving school and the Iowa school for the deaf, may send any  
43 10 inmate, student, or patient of an institution, or any person  
43 11 committed or applying for admission to an institution, to the  
43 12 university of Iowa hospitals and clinics for treatment and  
43 13 care. The department of human services, the department of  
43 14 corrections, and the state board of regents shall respectively  
43 15 pay the traveling expenses of such patient, and when necessary  
43 16 the traveling expenses of an attendant for the patient, out of  
43 17 funds appropriated for the use of the institution from which  
43 18 the patient is sent.

43 19 Sec. 51. NEW SECTION. 263.22 MEDICAL CARE FOR PAROLEES  
43 20 AND PERSONS ON WORK RELEASE.

43 21 The director of the department of corrections may send  
43 22 former inmates of the institutions provided for in section  
43 23 904.102, while on parole or work release, to the university of  
43 24 Iowa hospitals and clinics for treatment and care. The  
43 25 director may pay the traveling expenses of any such patient,  
43 26 and when necessary the traveling expenses of an attendant of  
43 27 the patient, out of funds appropriated for the use of the  
43 28 department of corrections.

43 29 Sec. 52. Section 271.6, Code 2005, is amended to read as  
43 30 follows:

43 31 271.6 INTEGRATED TREATMENT OF UNIVERSITY HOSPITAL  
43 32 PATIENTS.

43 33 The authorities of the Oakdale campus may authorize  
43 34 patients for admission to the hospital on the Oakdale campus  
43 35 who are referred from the university hospitals and who shall  
44 1 retain the same status, classification, and authorization for  
44 2 care which they had at the university hospitals. Patients  
44 3 referred from the university hospitals to the Oakdale campus  
44 4 shall be deemed to be patients of the university hospitals.  
44 5 ~~Chapters 255 and 255A and the The operating policies of the~~  
44 6 ~~university hospitals shall apply to the patients and to the~~  
44 7 ~~payment for their care~~ the same as the provisions apply to  
44 8 patients who are treated on the premises of the university  
44 9 hospitals.

44 10 Sec. 53. Section 331.381, subsection 9, Code 2005, is  
44 11 amended by striking the subsection.

44 12 Sec. 54. Section 331.502, subsection 17, Code 2005, is  
44 13 amended by striking the subsection.

44 14 Sec. 55. Section 331.552, subsection 13, Code 2005, is  
44 15 amended to read as follows:

44 16 13. Make transfer payments to the state for school  
44 17 expenses for blind and deaf children; ~~and support of persons~~  
44 18 ~~with mental illness, and hospital care for the indigent as~~  
44 19 ~~provided in sections 230.21, 255-26, 269.2, and 270.7.~~

44 20 Sec. 56. Section 331.653, subsection 26, Code 2005, is  
44 21 amended by striking the subsection.

44 22 Sec. 57. Section 331.756, subsection 53, Code 2005, is  
44 23 amended by striking the subsection.

44 24 Sec. 58. Section 602.8102, subsection 48, Code 2005, is  
44 25 amended by striking the subsection.

44 26 Sec. 59. Chapters 255 and 255A, Code 2005, are repealed.

44 27 Sec. 60. OBLIGATIONS TO INDIGENT PATIENTS. The provisions  
44 28 of this Act shall not be construed and are not intended to

change, reduce, or affect the obligation of the university of Iowa hospitals and clinics existing on April 1, 2005, to provide care or treatment at the university of Iowa hospitals and clinics to indigent patients and to any inmate, student, patient, or former inmate of a state institution as specified in sections 263.21 and 263.22 as enacted in this Act, with the exception of the specific obligation to committed indigent patients as specified pursuant to section 255.16, Code 2005, repealed in this Act.

Sec. 61. INMATES, STUDENTS, PATIENTS, AND FORMER INMATES OF STATE INSTITUTIONS == REVIEW.

1. The director of human services shall convene a workgroup comprised of the director, the director of the department of corrections, the president of the state board of regents, and a representative of the university of Iowa hospitals and clinics to review the provision of treatment and care to the inmates, students, patients, and former inmates specified in sections 263.21 and 263.22, as enacted in this Act. The review shall determine all of the following:

a. The actual cost to the university of Iowa hospitals and clinics to provide care and treatment to the inmates, students, patients, and former inmates on an annual basis. The actual cost shall be determined utilizing Medicare cost accounting principles.

b. The number of inmates, students, patients, and former inmates provided treatment at the university of Iowa hospitals and clinics, annually.

c. The specific types of treatment and care provided to the inmates, students, patients, and former inmates.

d. The existing sources of revenue that may be available to pay for the costs of providing care and treatment to the inmates, students, patients, and former inmates.

e. The cost to the department of human services, the Iowa department of corrections, and the state board of regents to provide transportation and staffing relative to provision of care and treatment to the inmates, students, patients, and former inmates at the university of Iowa hospitals and clinics.

f. The effect of any proposed alternatives for provision of care and treatment for inmates, students, patients, or former inmates, including the proposed completion of the hospital unit at the Iowa state penitentiary at Fort Madison.

2. The workgroup shall submit a report of its findings to the governor and the general assembly no later than December 31, 2005. The report shall also include any recommendations for improvement in the provision of care and treatment to inmates, students, patients, and former inmates, under the control of the department of human services, the Iowa department of corrections, and the state board of regents.

DIVISION XII

STATE MEDICAL INSTITUTION

Sec. 62. NEW SECTION. 218A.1 STATE MEDICAL INSTITUTION.

1. All of the following shall be collectively designated as a single state medical institution:

a. The mental health institute, Mount Pleasant, Iowa.

b. The mental health institute, Independence, Iowa.

c. The mental health institute, Clarinda, Iowa.

d. The mental health institute, Cherokee, Iowa.

e. The Glenwood state resource center.

f. The Woodward state resource center.

2. Necessary portions of the institutes and resource centers shall remain licensed as separate hospitals and as separate intermediate care facilities for persons with mental retardation, and the locations and operations of the institutes and resource centers shall not be subject to consolidation to comply with this chapter.

3. The state medical institution shall qualify for payments described in subsection 4 for the fiscal period beginning July 1, 2005, and ending June 30, 2010, if the state medical institution and the various parts of the institution comply with the requirements for payment specified in subsection 4, and all of the following conditions are met:

a. The total number of beds in the state medical institution licensed as hospital beds is less than fifty percent of the total number of all state medical institution beds. In determining compliance with this requirement, however, any reduction in the total number of beds that occurs as the result of reduction in census due to an increase in utilization of home and community-based services shall not be considered.

b. An individual is appointed by the director of human

47 5 services to serve as the director of the state medical  
47 6 institution and an individual is appointed by the director of  
47 7 human services to serve as medical director of the state  
47 8 medical institution. The individual appointed to serve as the  
47 9 director of the state medical institution may also be an  
47 10 employee of the department of human services or of a component  
47 11 part of the state medical institution. The individual  
47 12 appointed to serve as medical director of the state medical  
47 13 institution may also serve as the medical director of one of  
47 14 the component parts of the state medical institution.

47 15 c. A workgroup comprised of the director of human services  
47 16 or the director's designee, the director of the state medical  
47 17 institution, the directors of all licensed intermediate care  
47 18 facilities for persons with mental retardation in the state,  
47 19 and representatives of the Iowa state association of counties,  
47 20 the Iowa association of community providers, and other  
47 21 interested parties develops and presents a plan, for  
47 22 submission to the centers for Medicare and Medicaid services  
47 23 of the United States department of health and human services,  
47 24 to the general assembly no later than July 1, 2007, to reduce  
47 25 the number of individuals in intermediate care facilities for  
47 26 persons with mental retardation in the state and concurrently  
47 27 to increase the number of individuals with mental retardation  
47 28 and developmental disabilities in the state who have access to  
47 29 home and community-based services. The plan shall include a  
47 30 proposal to redesign the home and community-based services  
47 31 waivers for persons with mental retardation and persons with  
47 32 brain injury under the medical assistance program. The  
47 33 department shall not implement the plan without express  
47 34 authorization by the general assembly.

47 35 4. The department of human services shall submit a waiver  
48 1 to the centers for Medicare and Medicaid services of the  
48 2 United States department of health and human services to  
48 3 provide for all of the following:

48 4 a. Coverage under the medical assistance program, with  
48 5 appropriate federal matching funding, for inpatient and  
48 6 outpatient hospital services provided to eligible individuals  
48 7 by any part of the state medical institution that maintains a  
48 8 state license as a hospital.

48 9 b. Disproportionate share hospital payments for services  
48 10 provided by any part of the state medical institution that  
48 11 maintains a state license as a hospital.

48 12 c. Imposition of an assessment on intermediate care  
48 13 facilities for persons with mental retardation on any part of  
48 14 the state medical institution that provides intermediate care  
48 15 facility for persons with mental retardation services.

#### 48 16 DIVISION XIII

#### 48 17 APPROPRIATIONS AND EFFECTIVE DATES

#### 48 18 Sec. 63. APPROPRIATIONS FROM IOWACARE ACCOUNT.

48 19 1. There is appropriated from the Iowacare account created  
48 20 in section 249J.23 to the university of Iowa hospitals and  
48 21 clinics for the fiscal year beginning July 1, 2005, and ending  
48 22 June 30, 2006, the following amount, or so much thereof as is  
48 23 necessary, to be used for the purposes designated:

48 24 For salaries, support, maintenance, equipment, and  
48 25 miscellaneous purposes, for the provision of medical and  
48 26 surgical treatment of indigent patients, for provision of  
48 27 services to members of the expansion population pursuant to  
48 28 chapter 249J, as enacted in this Act, and for medical  
48 29 education:

48 30 ..... \$ 27,284,584

48 31 2. There is appropriated from the Iowacare account created  
48 32 in section 249J.23 to a publicly owned acute care teaching  
48 33 hospital located in a county with a population over three  
48 34 hundred fifty thousand for the fiscal year beginning July 1,  
48 35 2005, and ending June 30, 2006, the following amount, or so  
49 1 much thereof as is necessary, to be used for the purposes  
49 2 designated:

49 3 For the provision of medical and surgical treatment of  
49 4 indigent patients, for provision of services to members of the  
49 5 expansion population pursuant to chapter 249J, as enacted in  
49 6 this Act, and for medical education:

49 7 ..... \$ 40,000,000

49 8 Notwithstanding any provision of this Act to the contrary,  
49 9 of the amount appropriated in this subsection, \$37,000,000  
49 10 shall be allocated in twelve equal monthly payments as  
49 11 provided in section 249J.23, as enacted in this Act. Any  
49 12 amount appropriated in this subsection in excess of  
49 13 \$37,000,000 shall be allocated only if federal funds are  
49 14 available to match the amount allocated.

49 15 3. There is appropriated from the Iowacare account created

49 16 in section 249J.23 to the state hospitals for persons with  
 49 17 mental illness designated pursuant to section 226.1 for the  
 49 18 fiscal year beginning July 1, 2005, and ending June 30, 2006,  
 49 19 the following amounts, or so much thereof as is necessary, to  
 49 20 be used for the purposes designated:  
 49 21     a. For the state mental health institute at Cherokee, for  
 49 22 salaries, support, maintenance, full-time equivalent  
 49 23 positions, and miscellaneous purposes including services to  
 49 24 members of the expansion population pursuant to chapter 249J,  
 49 25 as enacted in this Act:  
 49 26 ..... \$ 9,098,425  
 49 27     b. For the state mental health institute at Clarinda, for  
 49 28 salaries, support, maintenance, full-time equivalent  
 49 29 positions, and miscellaneous purposes including services to  
 49 30 members of the expansion population pursuant to chapter 249J,  
 49 31 as enacted in this Act:  
 49 32 ..... \$ 1,977,305  
 49 33     c. For the state mental health institute at Independence,  
 49 34 for salaries, support, maintenance, full-time equivalent  
 49 35 positions, and miscellaneous purposes including services to  
 50 1 members of the expansion population pursuant to chapter 249J,  
 50 2 as enacted in this Act:  
 50 3 ..... \$ 9,045,894  
 50 4     d. For the state mental health institute at Mount  
 50 5 Pleasant, for salaries, support, maintenance, full-time  
 50 6 equivalent positions, and miscellaneous purposes including  
 50 7 services to members of the expansion population designation  
 50 8 pursuant to chapter 249J, as enacted in this Act:  
 50 9 ..... \$ 5,752,587  
 50 10     Sec. 64. APPROPRIATIONS FROM ACCOUNT FOR HEALTH CARE  
 50 11 TRANSFORMATION. There is appropriated from the account for  
 50 12 health care transformation created in section 249J.22, as  
 50 13 enacted in this Act, to the department of human services, for  
 50 14 the fiscal year beginning July 1, 2005, and ending June 30,  
 50 15 2006, the following amounts, or so much thereof as is  
 50 16 necessary, to be used for the purposes designated:  
 50 17     1. For the costs of medical examinations and development  
 50 18 of personal health improvement plans for the expansion  
 50 19 population pursuant to section 249J.6, as enacted in this Act:  
 50 20 ..... \$ 136,500  
 50 21     2. For the provision of a medical information hotline for  
 50 22 the expansion population as provided in section 249J.6, as  
 50 23 enacted in this Act:  
 50 24 ..... \$ 150,000  
 50 25     3. For the insurance cost subsidy program pursuant to  
 50 26 section 249J.8, as enacted in this Act:  
 50 27 ..... \$ 150,000  
 50 28     4. For the health care account program option pursuant to  
 50 29 section 249J.8, as enacted in this Act:  
 50 30 ..... \$ 50,000  
 50 31     5. For the use of electronic medical records by medical  
 50 32 assistance program and expansion population provider network  
 50 33 providers pursuant to section 249J.14, as enacted in this Act:  
 50 34 ..... \$ 100,000  
 50 35     6. For other health partnership activities pursuant to  
 51 1 section 249J.14, as enacted in this Act:  
 51 2 ..... \$ 550,000  
 51 3     7. For the costs related to audits, performance  
 51 4 evaluations, and studies required by this Act:  
 51 5 ..... \$ 100,000  
 51 6     8. For administrative costs associated with this Act:  
 51 7 ..... \$ 910,000  
 51 8     Sec. 65. TRANSFER FROM ACCOUNT FOR HEALTH CARE  
 51 9 TRANSFORMATION. There is transferred from the account for  
 51 10 health care transformation created pursuant to section  
 51 11 249J.22, as enacted in this Act, to the Iowacare account  
 51 12 created in section 249J.23, as enacted in this Act, a total of  
 51 13 \$2,000,000 for the fiscal year beginning July 1, 2005, and  
 51 14 ending June 30, 2006.  
 51 15     Sec. 66. EFFECTIVE DATES == CONTINGENT REDUCTION == RULES  
 51 16 == RETROACTIVE APPLICABILITY.  
 51 17     1. The provisions of this Act requiring the department of  
 51 18 human services to request waivers from the centers for  
 51 19 Medicare and Medicaid services of the United States department  
 51 20 of health and human services and to amend the medical  
 51 21 assistance state plan, and the provisions relating to  
 51 22 execution of chapter 28E agreements in section 249J.23, as  
 51 23 enacted in this Act, being deemed of immediate importance,  
 51 24 take effect upon enactment.  
 51 25     2. The remaining provisions of this Act, with the  
 51 26 exception of the provisions described in subsection 1, shall

51 27 not take effect unless the department of human services  
51 28 receives approval of all waivers and medical assistance state  
51 29 plan amendments required under this Act. If all approvals are  
51 30 received, the remaining provisions of this Act shall take  
51 31 effect July 1, 2005, or on the date specified in the waiver or  
51 32 medical assistance state plan amendment for a particular  
51 33 provision. The department of human services shall notify the  
51 34 Code editor of the date of receipt of the approvals.

51 35 3. If this Act is enacted and if the Eighty-first General  
52 1 Assembly enacts legislation appropriating moneys from the  
52 2 general fund of the state to the department of human services  
52 3 for the fiscal year beginning July 1, 2005, and ending June  
52 4 30, 2006, for the state hospitals for persons with mental  
52 5 illness designated pursuant to section 226.1, for salaries,  
52 6 support, maintenance, and miscellaneous purposes and for full=  
52 7 time equivalent positions, the appropriations shall be reduced  
52 8 in the following amounts and the amounts shall be transferred  
52 9 to the medical assistance fund of the department of human  
52 10 services to diminish the effect of intergovernmental transfer  
52 11 reductions:

52 12 a. For the state mental health institute at Cherokee:  
52 13 ..... \$ 9,098,425  
52 14 b. For the state mental health institute at Clarinda:  
52 15 ..... \$ 1,977,305  
52 16 c. For the state mental health institute at Independence:  
52 17 ..... \$ 9,045,894  
52 18 d. For the state mental health institute at Mount  
52 19 Pleasant:

52 20 ..... \$ 5,752,587

52 21 4. If this Act is enacted and if the Eighty-first General  
52 22 Assembly enacts legislation appropriating moneys from the  
52 23 general fund of the state to the state university of Iowa for  
52 24 the fiscal year beginning July 1, 2005, and ending June 30,  
52 25 2006, for the university hospitals for salaries, support,  
52 26 maintenance, equipment, and miscellaneous purposes and for  
52 27 medical and surgical treatment of indigent patients as  
52 28 provided in chapter 255, for medical education, and for full=  
52 29 time equivalent positions, the appropriation is reduced by  
52 30 \$27,284,584 and the amount shall be transferred to the medical  
52 31 assistance fund of the department of human services to  
52 32 diminish the effect of intergovernmental transfer reductions.

52 33 5. If this Act is enacted, and if the Eighty-first General  
52 34 Assembly enacts 2005 Iowa Acts, House File 816, and 2005 Iowa  
52 35 Acts, House File 816 includes a provision relating to medical  
53 1 assistance supplemental amounts for disproportionate share  
53 2 hospital and indirect medical education, the provision in  
53 3 House File 816 shall not take effect.

53 4 6. If this Act is enacted, and if the Eighty-first General  
53 5 Assembly enacts 2005 Iowa Acts, House File 825, and 2005 Iowa  
53 6 Acts, House File 825, includes a provision appropriating  
53 7 moneys from the hospital trust fund created in section 249I.4  
53 8 to the department of human services for the fiscal year  
53 9 beginning July 1, 2005, and ending June 30, 2006, to be used  
53 10 to supplement the appropriations made for the medical  
53 11 assistance program for that fiscal year, the appropriation is  
53 12 reduced by \$22,900,000.

53 13 7. The department of human services may adopt emergency  
53 14 rules pursuant to chapter 17A to implement and administer the  
53 15 provisions of this Act.

53 16 8. The department of human services may procure sole  
53 17 source contracts to implement any provision of this Act. In  
53 18 addition to sole source contracting, the department may  
53 19 contract with local nonprofit agencies to provide services  
53 20 enumerated in this Act. The department shall utilize  
53 21 nonprofit agencies to the greatest extent possible in the  
53 22 delivery of the programs and services enumerated in this Act  
53 23 to promote greater understanding between providers, under the  
53 24 medical assistance program and included in the expansion  
53 25 population provider network, and their recipients and members.

53 26 9. The provisions of this Act amending 2003 Iowa Acts,  
53 27 chapter 112, section 11, and repealing section 249A.20B, are  
53 28 retroactively applicable to May 2, 2003.

53 29 10. The section of this Act amending 2004 Iowa Acts,  
53 30 chapter 1175, section 86, is retroactively applicable to May  
53 31 17, 2004.

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CHRISTOPHER C. RANTS  
Speaker of the House

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JOHN P. KIBBIE  
President of the Senate

\_\_\_\_\_  
MARGARET THOMSON  
Chief Clerk of the House

Approved \_\_\_\_\_, 2005

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THOMAS J. VILSACK  
Governor